BC FORM 51-901F

YEAR END 2003 REPORT

This Report includes the following Schedules, as set forth in BC Form 51-901F:
A. Audited Annual Financial Statements;
B. Supplementary Information; and
C. Management Discussion and Analysis.

ISSUER DETAILS **NAME OF ISSUER** Glenbriar Technologies Inc.	**FOR YEAR ENDED** 2003 09 30	**DATE OF REPORT** **YY / MM / DD** 04 02 11
ISSUER ADDRESS 301, 401 9 Ave SW		
CITY/PROVINCE/POSTAL CODE Calgary, AB T2P 3C5	**ISSUER FAX NO.** (403) 234-7310	**ISSUER PHONE NO.** (403) 233-7300
CONTACT NAME Robert D. Matheson	**CONTACT POSITION** President	**CONTACT PHONE NO.** (403) 233-7300
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CERTIFICATE
The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE "Robert Matheson"	**PRINT FULL NAME** Robert D. Matheson	**DATE OF REPORT** **YY / MM / DD** 04 02 11
DIRECTOR'S SIGNATURE "Brian Tijman"	**PRINT FULL NAME** Brian Tijman	**DATE OF REPORT** **YY / MM / DD** 04 02 11

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Auditors' Report

To the Shareholders of
Glenbriar Technologies Inc.:

We have audited the consolidated balance sheets of **Glenbriar Technologies Inc.** as at September 30, 2003 and 2002 and the consolidated statements of earnings and retained earnings (deficit) and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at September 30, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
November 26, 2003

"Deloitte & Touche LLP"
Chartered Accountants

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Earnings and Retained Earnings (Deficit)
Years Ended September 30, 2003 and 2002

	2003 $	2002 $
REVENUE		
Information technology consulting	**3,077,829**	3,733,466
Equipment and software sales	**1,965,743**	2,673,967
Oil and gas sales, net of royalties of $26,325 (2002 - $13,229)	**181,056**	162,898
Gain on disposal of assets (Note 3)	**13,957**	74,963
Interest and other income	**10,122**	15,864
	5,248,707	6,661,158
EXPENSES		
Information technology consulting	**2,410,738**	2,613,496
Cost of goods sold	**1,596,079**	2,172,029
General and administrative (Note 5(b))	**950,499**	1,407,734
Depletion, depreciation and amortization	**174,017**	266,325
Oil and gas production	**67,194**	71,787
Interest and bank charges	**28,180**	23,645
Foreign exchange loss	**7,476**	-
	5,234,183	6,555,016
EARNINGS BEFORE INCOME TAXES	**14,524**	106,142
PROVISION FOR INCOME TAXES (Note 9)		
Current	**-**	-
Future	**14,000**	65,000
	14,000	65,000
NET EARNINGS	**524**	41,142
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	**3,415**	(37,727)
RETAINED EARNINGS, END OF YEAR	**3,939**	3,415
EARNINGS PER SHARE		
Basic	**0.000**	0.002
Diluted	**0.000**	0.002
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	**25,447,843**	**24,324,661**
Diluted	**25,447,843**	**24,384,427**

GLENBRIAR TECHNOLOGIES INC.
Consolidated Balance Sheets
September 30, 2003 and 2002

	2003 $	2002 $
ASSETS		
CURRENT		
Cash	-	58,555
Accounts receivable	985,385	1,173,292
Prepaid expenses	1,600	1,376
Inventory	295,346	282,159
	1,282,331	1,515,382
Capital assets (Note 3)	277,302	566,100
Intangible assets (Note 4)	430,773	211,930
Goodwill	1,023,756	1,023,756
Future income taxes (Note 9)	847,979	861,979
	3,862,141	4,179,147
LIABILITIES		
CURRENT		
Bank indebtedness	29,531	-
Accounts payable and accrued liabilities	492,642	691,772
Current portion of building mortgage and other long-term liabilities (Note 7)	36,000	42,400
Deferred revenue	239,875	250,054
	798,048	984,226
Building mortgage and other long-term liabilities (Note 7)	18,500	199,600
Provision for site restoration and abandonment	9,930	12,432
	826,478	1,196,258
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	3,031,724	2,979,474
Retained earnings	3,939	3,415
	3,035,663	2,982,889
	3,862,141	4,179,147

APPROVED BY THE BOARD

.. *"Robert Matheson"*. . . . . **Director**

.. *"Brian Tijman"*. . . . . **Director**

GLENBRIAR TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
Years Ended September 30, 2003 and 2002

	2003 $	2002 $
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net earnings	**524**	41,142
Adjustments for:		
Gain on disposal of assets	**(13,957)**	(74,963)
Depletion, depreciation and amortization	**174,017**	266,325
Future income taxes	**14,000**	65,000
	174,584	297,504
Changes in non-cash working capital (Note 13)	**(34,813)**	(720,899)
	139,771	(423,395)
FINANCING		
(Decrease) increase in long-term liabilities	**(35,500)**	90,000
Building mortgage repayments (Note 7)	**(152,000)**	(5,500)
Exercise of stock options (Note 8)	**52,250**	131,000
	(135,250)	215,500
INVESTING		
Net proceeds on disposal of assets (Note 3)	**230,157**	118,109
Building acquisition (Note 3)	**-**	(67,500)
Capital expenditures	**(11,939)**	(163,607)
Cash paid related to corporate acquisitions (Note 5)	**-**	(83,544)
Software development costs (Note 4)	**(310,825)**	-
	(92,607)	(196,542)
SUPPLEMENTARY CASH FLOW INFORMATION (Note 13)		
NET DECREASE IN CASH	**(88,086)**	(404,437)
CASH, BEGINNING OF YEAR	**58,555**	462,992
(BANK INDEBTEDNESS) CASH, END OF YEAR	**(29,531)**	58,555

Notes to the Consolidated Financial Statements
Years Ended September 30, 2003 and 2002

1. BASIS OF PRESENTATION

Glenbriar Technologies Inc. (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on July 15, 1994. The consolidated financial statements for the years ended September 30, 2003 and 2002 include the accounts, from the dates of acquisition, of its wholly-owned subsidiaries, Peartree Software Inc. ("Peartree"), Platinum Systems Ltd. ("Platinum") and Channel Solutions Inc. ("Channel").

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and bank indebtedness

Cash includes short-term deposits of 90 days or less. Bank indebtedness relates to cheques issued but not yet cleared.

Inventory

Inventory is comprised of equipment and spare parts and is carried at the lower of cost and net realizable value.

Measurement uncertainty

The preparation of the Corporation's consolidated financial statements in conformity with Canadian generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting periods presented. Actual results could differ from the estimates.

Intangible assets

Intangible assets are amortized on a straight-line basis as follows:

Maintenance and servicing agreements	2 years
Customer lists	3 years
Proprietary software	5 years

Research and development costs incurred prior to the establishment of the technological and financial feasibility of a particular software project are expensed as incurred. Software development costs are capitalized when the technological and financial feasibility of a project is established. Capitalized costs will be amortized on a straight-line basis over the estimated period of benefit beginning upon the product's commercial release.

If a permanent impairment in value is determined, the carrying value of the intangible assets is written down to recoverable value and the excess charged to earnings. The net recoverable value is based on management's estimate of future cash flows from the related intangible asset. There was no impairment of intangible assets required during the years ended September 30, 2003 or 2002.

Goodwill

Goodwill represents the excess of the purchase price over the value attributed to net tangible and intangible assets acquired. Goodwill is assessed for a permanent impairment in value on an annual basis by comparing the carrying value of the applicable reporting unit to its estimated fair value. Fair value is determined based on management's estimates of future cash flows. There was no impairment of goodwill required during the years ended September 30, 2003 or 2002.

Revenue recognition - information technology services

Equipment and software sales relate to proprietary software and products purchased and resold to customers. The revenue from these sales is recognized upon shipment and invoicing. Information technology consulting revenue is recognized as services are rendered. In cases where collectibility is not reasonably assured, revenue is recognized when the cash is collected. Payments received in advance of services rendered are deferred until such time as the services are performed.

Foreign currency transactions

Revenue and expenses are recorded at the rate of exchange in effect at the transaction date. Monetary assets and liabilities relating to foreign exchange transactions are recorded at rates of exchange in effect at the balance sheet date and any resulting gains or losses recorded in income for the period.

Depreciation

Prior to the date of sale, the building was being depreciated on a straight-line basis over 30 years.

Computers and office equipment are depreciated using the declining-balance method at rates ranging from 10% - 30% per year.

Oil and gas operations

The statements reflect the Corporation's proportionate share of gas production activities conducted jointly with others.

The Corporation follows the full cost method of accounting for oil and gas operations, whereby all historical costs of exploring for and developing oil and gas properties and related reserves are capitalized into a single cost centre. Proceeds on disposal of oil and gas properties and equipment are credited to the full cost pool, unless there is a significant change in the depletion and depreciation rate, in which case a gain or loss is recognized.

Total capitalized costs are depleted using the unit-of-production method based on estimated proven reserves. If capitalized costs exceed estimated undiscounted future net revenues from proved reserves, net of estimated future abandonment costs, general and administrative expenses, financing costs and income taxes, a write-down is recorded. A provision is included in depletion, depreciation and amortization for future site restoration and abandonment costs based on the unit-of-production method.

Income taxes

The Corporation uses the liability method of accounting for income taxes. Under this method, temporary differences arising from the differences between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using substantially enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. Temporary differences arising on acquisitions result in future income tax liabilities or assets.

Investment tax credits

The Corporation is entitled to Canadian federal and provincial investment tax credits that are earned as a percentage of eligible current and capital research and development expenditures incurred in each taxation year. Investment tax credits are accounted for as a reduction of related expenses in the period during which the expenditures are incurred, provided there is reasonable assurance of realization.

Stock option plan

The Corporation has a stock option plan as described in Note 8. No compensation expense is recognized for this plan when the stock options are issued. Any consideration paid on exercise of stock options or purchase of stock is credited to share capital.

Per share amounts

The Corporation follows the treasury stock method to determine the dilutive effect of stock options. Under this standard, basic net earnings per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated on the basis of the weighted average number of common shares outstanding during the period plus the additional incremental common shares that would have been outstanding if potentially dilutive common shares had been issued using the treasury stock method.

3. CAPITAL ASSETS

	2003		
	Cost $	Accumulated Depletion and Depreciation $	Net Book Value $
Oil and gas properties and equipment	993,971	(939,040)	**54,931**
Computers and office equipment	400,009	(177,638)	**222,371**
	1,393,980	(1,116,678)	**277,302**

In April 2003, the Corporation sold its office location in Coquitlam, B.C. for net proceeds after commissions of $230,157, resulting in a gain on sale of $13,957. This building was purchased on November 1, 2001 for $225,000 consisting of $67,500 in cash and $157,500 by first mortgage to a chartered bank (Note 7).

	2002		
	Cost $	Accumulated Depletion and Depreciation $	Net Book Value $
Oil and gas properties and equipment	1,003,971	(932,040)	**71,931**
Building	180,000	(4,800)	**175,200**
Land	45,000	-	**45,000**
Computers and office equipment	380,571	(106,602)	**273,969**
	1,609,542	(1,043,442)	**566,100**

During the year ended September 30, 2002 the Corporation sold its interest in certain producing oil and gas properties and equipment for cash proceeds of $118,109 resulting in a gain of $74,963.

4. INTANGIBLE ASSETS

	2003		
	Cost $	Accumulated Amortization $	Net Book Value $
Maintenance and servicing agreements	207,942	(207,942)	**-**
Customer lists	70,899	(61,494)	**9,405**
Proprietary software	255,100	(144,557)	**110,543**
Software development costs	310,825	-	**310,825**
	844,766	(413,993)	**430,773**

Amortization of intangible assets during the year was $91,981 (2002 - $178,625).

	2002		
	Cost $	Accumulated Amortization $	Net Book Value $
Maintenance and servicing agreements	207,942	(190,614)	**17,328**
Customer lists	70,900	(37,861)	**33,039**
Proprietary software	255,100	(93,537)	**161,563**
	533,942	(322,012)	**211,930**

5. CORPORATE ACQUISITIONS

a) Effective October 1, 2001, the Corporation acquired Platinum and Channel, private information technology consulting and IT procurement service companies. In consideration for all of the issued and outstanding shares of Platinum and Channel, the Corporation paid $90,000 in cash and issued 810,992 common shares of the Corporation. The acquisition was accounted for using the purchase method of accounting as follows:

Total consideration:	**$**
Issue of 810,992 Corporation common shares	**60,824**
Cash	**90,000**
	150,824
Allocation of purchase price:	**$**
Working capital deficiency, including cash of $6,456	**(41,175)**
Equipment	**77,083**
Future income tax asset	**57,057**
Goodwill	**57,859**
	150,824

b) General and administrative expenses for the year ended September 30, 2003 and 2002 have been reduced by $108,500 and $210,818 respectively, relating to anticipated and actual settlements of legal obligations reached subsequent to the acquisition of Peartree and Channel.

6. CREDIT FACILITY

The Corporation has a line of credit available to a maximum of $500,000. Drawings bear interest at 1% above the bank's prime lending rate with interest payable monthly. Security is provided by a first charge over all of the Corporation's assets. The outstanding principal balance is repayable on demand. As at September 30, 2003 and 2002 there were no amounts drawn under the facility.

7. BUILDING MORTGAGE AND OTHER LONG-TERM LIABILITIES

Long-term liabilities at September 30, 2003 include $54,500 (2002 - $90,000) payable to former directors of Peartree. The amount is non-interest bearing and repayable over 18 months at $3,000 per month.

As at September 30, 2002, the Corporation had a building mortgage payable of $152,000 at an interest rate of 6.125%. During 2003, the building was sold (Note 3) and the outstanding balance was paid in full. Interest expense related to long-term debt for the year was $14,240 (2002 - $9,240).

8. SHARE CAPITAL

i) Authorized
Unlimited number of common shares
Unlimited number of preferred shares of one or more series

ii) Common shares issued and outstanding	Number of shares	**Amount $**
Balance, September 30, 2001	23,146,436	2,787,650
Acquisition of Platinum and Channel (Note 5(a))	810,992	60,824
Exercise of stock options	1,310,000	131,000
Balance, September 30, 2002	**25,267,428**	**2,979,474**
Exercise of stock options	522,500	52,250
Balance, September 30, 2003	**25,789,928**	**3,031,724**

iii) Stock option plan

A summary of the Corporation's stock option plan as of September 30, 2003 and 2002 and changes during the years ending on those dates is presented below:

	2003		2002	
	Number of Shares	Weighted Average Exercise Price $	Number of Shares	Weighted Average Exercise Price $
Outstanding, beginning of year	**2,414,254**	**0.11**	2,309,517	0.11
Granted	-	-	2,312,500	0.10
Exercised	**(522,500)**	**0.10**	(1,310,000)	0.10
Expired	(1,891,754)	**0.11**	(897,763)	0.12
Outstanding, end of year	-	-	2,414,254	0.11
Exercisable, end of year	-		101,754	

iv) Escrowed shares

Effective May 1, 2000, the Corporation acquired all of the issued and outstanding shares of IS Dept., an information technology outsourcing and consulting company based in Calgary. This transaction resulted in the issuance of 5,185,000 common shares of the Corporation, of which 5,135,000 common shares were subject to escrow agreements. At September 30, 2003, no common shares (2002 – 1,540,500) remained in escrow.

9. INCOME TAXES

The components of the future income tax asset amounts as at September 30, 2003 and 2002 are as follows:

	2003 $	2002 $
Excess of tax basis over carrying value of assets	**99,711**	166,710
Future benefit of prior year's losses	**748,268**	684,991
Other	-	10,278
	847,979	861,979

As at September 30, 2003, the Corporation had non-capital losses of approximately $2.0 million (2002 - $1.8 million) available to be carried forward to reduce future taxable income, the benefit of which has been recognized in the consolidated financial statements. The losses expire between 2004 and 2010.

Income tax expense (recovery) differs from the amounts which would be obtained by applying the combined federal and provincial statutory income tax rate to the respective years' earnings before income taxes. The following schedule explains the differences between the expected and actual tax expense (recovery).

	2003 $	2002 $
Earnings before income taxes	**14,525**	106,142
Expected income taxes -- statutory rate of 36.8% (2002 - 39.10%)	**5,345**	41,502
Add the tax effect of tax rate changes	**45,000**	-
Adjustments to tax pools and other	**(22,345)**	30,744
Resource allowance in excess of non-deductible crown changes	**(11,000)**	(7,246)
	14,000	65,000

10. SEGMENTED INFORMATION

As at September 30, 2003, the Corporation operates primarily in the information technology services sector and has only one reportable operating segment. Accordingly, segmented information with respect to the Corporation's oil and gas production activities has not been presented for the 2003 or 2002 fiscal periods.

11. COMMITMENTS

The Corporation is committed to premise lease payments through 2006. Minimum annual lease payments are as follows:

	$
2004	**106,500**
2005	**78,000**
2006	**53,600**

On November 12, 2003, the Corporation entered into a building lease in Calgary commencing June 1, 2004 until June 30, 2009 with the following minimum lease payments:

	$
2004	**20,000**
2005	**59,900**
2006	**60,800**
2007	**62,700**
2008	**63,700**
Thereafter	**43,700**

12. FINANCIAL INSTRUMENTS

The carrying value of the Corporation's accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and building mortgage and other long-term liabilities approximate their respective fair values.

Credit risk

The Corporation is exposed to normal credit risk from customers. The Corporation minimizes concentrations of credit risk by maintaining a wide customer base spread across differing industries.

Interest rate risk

The Corporation is exposed to interest rate risk on any outstanding drawings on the demand credit facility.

Commodity risk

The Corporation's gas sales are subject to commodity price changes. No contracts are in place to mitigate this exposure.

Foreign exchange risk

A portion of the Corporation's sales are denominated in foreign currency. The Corporation has no contracts in place to mitigate this exposure.

13. SUPPLEMENTARY CASH FLOW INFORMATION

	2003 $	2002 $
Changes in non-cash working capital:		
Accounts receivable	**187,907**	(118,619)
Prepaid expenses	**(224)**	10,208
Inventory	**(13,187)**	(68,358)
Accounts payable and accrued liabilities	**(199,130)**	(521,024)
Deferred revenue	**(10,179)**	(23,106)
	(34,813)	(720,899)
Cash interest paid	**14,240**	9,240
Cash taxes paid	**-**	-
Non-cash financing and investing activities:		
Issuance of common shares on corporate acquisitions (Note 5)	**-**	60,824
Building acquisition financed by mortgage (Note 3 and 7)	**-**	157,500

Schedule B: SUPPLEMENTARY INFORMATION

1. *Analysis of expenses and deferred costs*

Breakdown of amounts shown in the financial statements for each category:

	Year ended September 30, 2003
Information technology consulting expense	
Salaries	$2,255,167
Other	155,571
Cost of goods sold	
Equipment	$1,217,388
Software	326,676
Other	52,015
General and administrative expense	
Salaries	$460,042
Office rent and expense	195,499
Professional fees	95,131
Other	199,827
Depletion, depreciation and amortization	
Amortization of intangibles	$91,981
Depreciation of office equipment	71,036
Depletion of oil and gas assets	7,000
Depreciation of building	4,000

2. *Related party transactions*

Not applicable.

3. *Summary of securities issued and options granted during the period*

Securities issued

Date	Security	Issue type	Number	Price	Proceeds	Consideration	Commission
Feb 28/03	Common	Option exercises	202,500	$0.10	$20,250	Cash	Nil
May 12/03	Common	Option exercises	50,000	$0.10	$5,000	Cash	Nil
July 21/03	Common	Option exercises	270,000	$0.10	$27,000	Cash	Nil

4. *Summary of securities as at the end of the reporting period*

See Note 8 of the Notes to the Consolidated Financial Statements.

5. *Names of officers and directors as of February 11, 2004*

Name	Position
Robert D. Matheson	Chairman, President & CEO
Glenn F. H. Matheson	Executive Vice-President & Director
Brian Tijman	Controller, CFO & Director
David Moser	Vice-President, Ontario Region & President of Peartree Software Inc.
Jamie Skawski	Vice-President, Consulting
Shawn Wallace	Director
Norman Wright	Director

Schedule C: MANAGEMENT DISCUSSION AND ANALYSIS

1. *Description of Business*

Glenbriar Technologies Inc. (TSX-V:GTI) is an information technology (IT) services company headquartered in Calgary, with locations in Alberta, British Columbia and Ontario. Glenbriar designs, implements and supports business workflow improvement solutions for small and medium enterprises, including IT outsourcing and consulting services, IP telephony and call centre solutions. Glenbriar also develops, markets and supports a proprietary suite of enterprise resource planning (ERP) software modules to manufacturers and distributors, such as Magna Canada, Dana Canada and Delta Faucet, through its subsidiary Peartree Software Inc. in Kitchener-Waterloo. Peartree's software is certified and verified for EDI for GM, Ford, DaimlerChrysler, Honda, Toyota and 61 other EDI formats.

2. *Discussion of Operations and Financial Condition*

Relocation of Vancouver Office

Glenbriar sold its Coquitlam office building effective July 31, 2003 for $240,000. Glenbriar had purchased the property in November 2001 for $225,000. Glenbriar has relocated to new premises at 1687 Ingleton Avenue in Burnaby, which is near Boundary and 1st Avenue in Vancouver. The phone number for the Burnaby office has changed to (604) 320-0155. The new location is more central to both its customer and employee bases. The size and monthly cost of the new location approximate those of the previous premises, although the physical layout is more conducive to the business. This transaction reduced capital assets by $216,200 and eliminated the building mortgage, which carried a balance of $152,000 at year end 2002.

Relocation of Head Office in Calgary

Glenbriar will be relocating its head office in Calgary in February 2004. The new address is 301, 401 9 Ave SW, Calgary, AB T2P 3C5. See "Subsequent Events" below for details.

Awards and Recognition

Glenbriar was ranked 44th in the Deloitte & Touche 2003 Fast 50 Canadian Technology Companies, and 329th in the Deloitte & Touche 2003 Technology Fast 500 for North America.

Glenbriar achieved 41st overall ranking in the 2003 Profit 100 Fastest Growing Companies in Canada. The ranking was published in the June issue of *Profit* magazine, and was sponsored by BDO Dunwoody and the Bank of Montreal. Broken down by industry, Glenbriar ranked 3rd in the IT services sector for all of Canada, and 1st in Western Canada.

Glenbriar has been ranked the 16th fastest growing company in *"Alberta's Fastest Growing Companies 2004"* presented by Alberta Venture Magazine with the assistance of Grant Thornton, Chartered Accountants & Management Consultants. Glenbriar ranked 17th in this survey in 2003 and 10th in 2002. The ranking is based on submissions from over 800 companies, which are then ranked by assessing points in 10 different categories, including growth in gross sales, assets, profitability and employees, as well as product development,

incentive programs, investment in research and development, capital expenditures, marketing and export activity. Growth is reviewed both year over year and for an entire three-year period.

Peartree Software Inc.

Peartree is a wholly owned subsidiary of Glenbriar located in Kitchener-Waterloo, Ontario. Peartree has been providing integrated software solutions for over 15 years to a number of industries including manufacturers, distributors, small and medium businesses, recreational vehicle dealerships and veterinary clinics. Peartree also provide customized software solutions that are tailored specifically to meet the needs of its customers. Peartree is also a VAR (value added reseller) for IBM for its database and client software products. Peartree's application software and services add ongoing value to its customers and supports their mission critical business operations.

In conjunction with its software suite, Peartree delivers the following services:

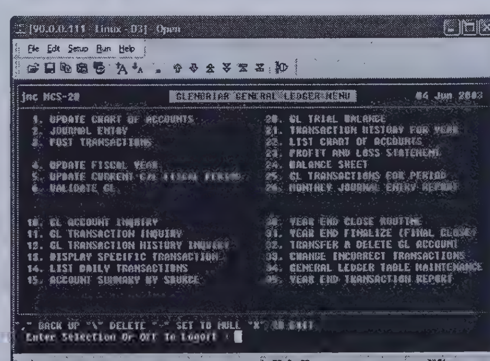
- 24 hours a day, seven days per week telephone support
- Manufacturing consultation
- Both onsite and scheduled internal training courses
- Implementation, project management, and consulting
- Custom programming and system administration functions
- UNIX and Microsoft certified expertise

In addition to delivering timely and reliable product updates in accordance with its commitment to its customers to keep their operations running optimally, Peartree has provided the following enhancements to its manufacturing and distribution software suite in the past 24 months:

- Supplier EDI 830 Processing
- X12, EDIFACT, ANX, EBMX protocols
- Extensive EDI partners database (certified and validated on 66 EDI formats)
- Honda of America "Delta" Certification
- Honda GPCS Certification
- 2D Bar Code Label Generation

Orchard Project

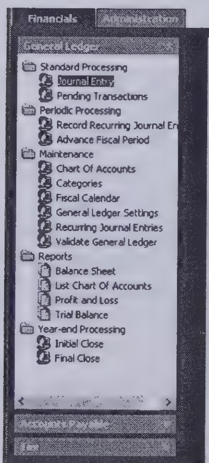
Peartree's ERP software is a fully integrated suite of over 30 modules which interact seamlessly to deliver an end to end software solution for operating and managing enterprises. A screen shot of the general ledger menu from the existing product is shown on the right.

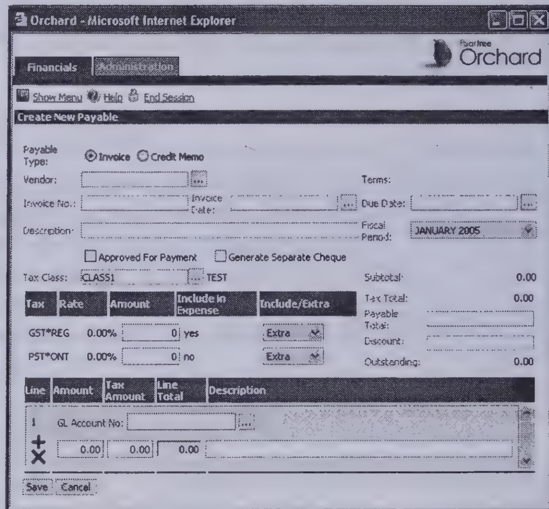


Peartree Orchard

Peartree's software development initiative to upgrade the Peartree ERP software has been named Orchard in keeping with the Peartree theme.

Orchard is a web-based platform developed using the Microsoft .NET Framework. Orchard will provide automotive, manufacturing and distribution clients with the same quality ERP business

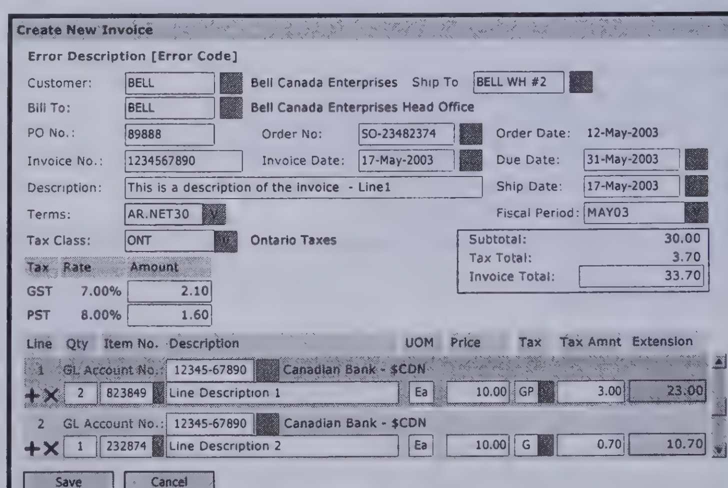




application software they have been familiar with for the last 20+ years. In addition, it will add leading edge functionality that is leveraged by using the Microsoft .NET Framework.

Harvest, a new reporting tool being developed to bridge the gap between the existing and new products, will allows users of the existing ERP suite to meet many of the custom reporting requirements through reports developed using the Microsoft .NET Framework.

Screen shots of the new product under development are shown on this page. The figures on this page show: (a) top left, the easy navigation menu for the general ledger module; (b) top right, a screen shot from the accounts payable module; and at the bottom right, a screen shot from the accounts receivable module.

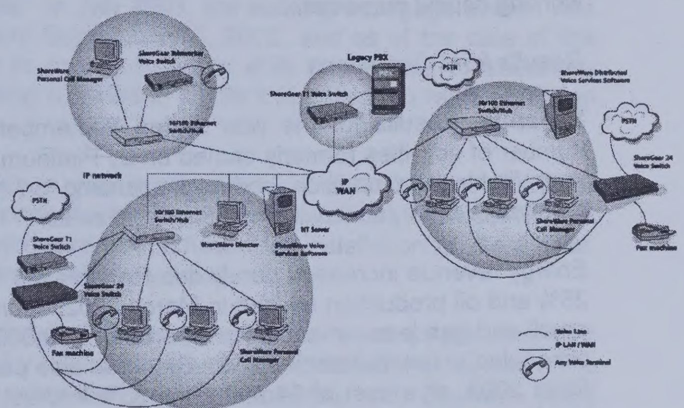


The new software is being developed to co-exist with the current system, but will have the capability of existing independently of both the original system and database. Current development has tested compatibility of three multivalue databases used with the current system, D3, Universe and UniData. Based on this testing, it was determined that the legacy applications should be consolidated down to a single database prior to implementing a conversion to the .NET Framework. Future testing will continue to determine compatibility and interaction with SQL Server, DB2, Oracle and Postgres. Peartree has designed the transition so that it will be able to continue to provide support for the original product.

IP Telephony and Call Centre Solutions

Glenbriar has been delivering reliable IP telephony, or voice over IP (VOIP) solutions to its clients since early 2001. Glenbriar has combined its extensive data network experience with its

telephone network experience to deliver reliable, one-stop branch office connectivity and networked telephony solutions to its clients.



IP Voice Communications System

Glenbriar has recently expanded its telephony solutions to include a completely distributed, modular voice communication solution with no single point of failure that is layered on top of a client's IP network. At the heart of the system is the standards-based Distributed IP Voice Architecture, which uniquely distributes call control intelligence to voice switches connected anywhere on the IP network. Voice applications (such as voicemail and automated attendant) and the management interface, are distributed to servers across locations, rather than centralizing applications at the network core. The resultant solution provides a single image system for all locations and all voice applications. The network is distributed, voice applications are bundled, and the management interface is integrated. This eliminates the need for multiple discordant PBXs, voice mail systems, automated attendants and automated call display systems. On top of this, the system can accommodate existing PBXs, and analog, digital and IP phones on a single switch. Glenbriar began installing the new systems in January 2003.

Glenbriar's IP telephony solutions have been expanded to include a VOIP based integrated call centre for small and medium businesses, with an enterprise version available for larger installs. System pricing depends on configuration and offers the lowest total cost of ownership (TCO) in the industry. Approximate per user pricing is $1100 per seat for a full featured IP voice communications system with integrated personal and corporate call manager, $650 per seat to add on the integrated contact centre, and $1,900 per seat for the fully featured enterprise contact centre.

Support for Non-Profit Sector

Glenbriar entered into a strategic alliance with the Calgary Centre for Non-Profit Management during fiscal 2003 to develop a program which will result in the delivery of IT services and business workflow solutions to the non-profit sector in an efficient and cost effective manner. Glenbriar has always been a strong supporter of the non-profit sector, providing IT services, IP telephony solutions and procurement services on special terms to the United Way of Calgary, Autism Calgary, Scouts Canada, PREP Program, Canadian Paraplegic Association, The Parkinson's Society of Southern Alberta, Cerebral Palsy Association in Alberta and various other agencies. The Centre's mission is to advance optimal performance in the non-profit sector through consulting, mentoring, training and collaboration with the business sector.

Change of Business from Energy to IT

Since May 2000, Glenbriar has been engaged in delivering IT services. Prior to that, Glenbriar was engaged in oil and gas activities. Effective March 1, 2002, Glenbriar sold all of its oil properties for $118,109, resulting in a gain on sale of $74,963. Glenbriar still retains its gas properties, which have a book value of $54,931. See Note 3 of Notes to Consolidated Financial

Statements. Glenbriar estimates the present value of the gas properties to be approximately $100,000 as of January 1, 2004 based upon a 10% discount rate using constant pricing of $5.00 per GJ at the plant gate. Glenbriar intends to dispose of this asset if a reasonable offer is received. Until then, the cash flow from the gas properties will continue to be used for general working capital purposes.

Results from Operations

Revenue. Results for the year ended September 30, 2003 reflect the discontinuation of a number of activities formerly carried on by Platinum and Channel, which were determined to be unprofitable. In addition, reduced spending on IT within the general business community resulted in lower hardware and equipment sales.

Energy revenue increased purely due to increases in gas prices, as gas production declined by 25% and oil production ceased in March 2002. During fiscal 2003, Glenbriar sold an interest in an oil and gas lease in southern Alberta for $10,000. This asset had been written off, and was scheduled to expire later in 2003. Glenbriar also participated in a gas well abandonment during fiscal 2003, at a cost of $4,950 to its 50% interest. Glenbriar believes it has made adequate provision for future site restoration and abandonment liabilities on its balance sheet relating to its remaining gas assets.

Expense. See Schedule B for a breakdown of the sources of major expense items.

Information technology consulting expense and cost of goods sold reflect the increases in the revenue attributable to those items.

General and administrative expense reductions reflect standardization and consolidation of operations throughout its locations which were undertaken in fiscal 2002.

Depreciation, depletion and amortization expense fell 35% due to completion of the amortization of some categories of intangible assets, sale of energy assets, and sale of the building in Coquitlam (see notes 2 and 3 of Notes to Consolidated Financial Statements).

3. Liquidity and Solvency

As of September 30, 2003, Glenbriar had $484,283 of working capital, down slightly from $531,156 a year earlier. These differences are considered within the normal range of variance, and do not reflect a deterioration in liquidity. Glenbriar believes it has sufficient funds to meet its ongoing obligations as they become due. The largest challenge in continuing to meet those obligations is during periods of rapid growth in IT services, which requires a substantial increase in working capital. In addition, the speed of product development for the Orchard Project is limited by having to rely on internal cash flow for funding. This delay also increases the business risk inherent in bringing the product to market. Glenbriar has not been able to obtain funding upon acceptable conditions due to the downturn in public markets since April 2000, which has particularly affected information technology companies. While Glenbriar will continue to seek creative financing opportunities in order to permit it to make additional acquisitions and finance growth, there can be no assurance that it will be successful in these efforts. Depending on the demand for additional working capital or the desire to grow through acquisitions, Glenbriar may be required to seek additional equity or debt financing, or to limit its growth in order to maintain liquidity. Glenbriar will also seek to increase the cash component of its working capital in order to improve overall liquidity in the coming quarters.

Operating Credit Facility. During fiscal 2003, Glenbriar finalized a borrowing facility with a Canadian chartered bank for up to $652,550, made up of the existing building mortgage of $152,550 at 6.125% plus up to $500,000 operating line of credit at prime +1% per annum. This facility is secured by all of Glenbriar's assets. In July 2003, the building mortgage portion was retired. The operating line was unused as of September 30, 2003, and as of the date of this report. Glenbriar set up the line of credit to ensure that it is able to continue to effectively conduct business and maintain liquidity during a period in which it is difficult to raise equity on acceptable terms.

Inventory. Inventory of $295,346 includes a year end writedown of $50,000. Glenbriar maintains only a limited inventory of spare parts, so that most of the inventory represents work in progress for clients who have ordered hardware and software for installation at client sites. Accordingly, this inventory amount is considered relatively liquid.

Accounts receivable. This account is made up of trade receivables for services performed for business clients, and is net of an allowance for doubtful accounts and bad debts of less than 2% of sales. Clients are billed in the month after services are rendered, with payment being received about 45 to 60 days after an invoice is sent. As a result, the year-end accounts receivable balance reflects 68 days of sales, which is flat from the prior year period. As business grows, the need for additional working capital to finance trade receivables grows proportionately.

Accounts payable and accrued liabilities. This account is made up of $391,146 of trade payables owed in relation to IT services for Glenbriar, plus $101,496 attributable to Peartree.

Deferred revenue. This account is all attributable to Peartree, and represents payments made for software maintenance fees, which revenues are deferred until such time as the services are performed. See Note 2 of Notes to Consolidated Financial Statements.

Building mortgage and long-term liabilities. The Coquitlam office building was sold in July 2003, resulting in elimination of the building mortgage, which had a balance of $152,000 at the end of fiscal 2002. The balance of long-term liabilities of $18,500 relates to legacy obligations of Peartree which are being repaid at $3,000 per month without interest.

4. Subsequent Events

In November 2003, Glenbriar entered into a 5 year lease for a new head office location at 301, 401 – 9 Ave SW, Calgary, AB T2P 3C5. Glenbriar is scheduled to move into the new location in mid-February 2004. The location consists of 2,850 square feet of office in downtown Calgary, which is being built to Glenbriar's specifications. Glenbriar's current premises were picked up in October 2001 from an acquisition under a lease which terminates in February 2004.

See the Management Discussion and Analysis included with the quarterly report for the 3 months ended December 31, 2004 for discussion related to events occurring subsequent to December 31, 2003.

Operating Line of Credit. On [illegible] 2003, Glenbriar renewed its operating line of credit with a Canadian chartered bank for up to $650,000, which replaced the existing facility of $172,000 at [illegible] plus up to $400,000 operating line. This facility is secured by all of Glenbriar's assets. In July 2003, the building mortgage [illegible] was retired. The operating line was unused as of September 30, 2003, and as of the date of this report. Glenbriar set up the line of credit to ensure that it is able to effectively conduct business and maintain liquidity during a period in which it is difficult to raise equity on acceptable terms.

Inventory. Inventory of $[illegible] [illegible] maintains only a limited inventory of spare parts, so that most of the inventory is work in progress for clients who have ordered hardware and software for installation at client sites. Accordingly, the inventory turnover is considered [illegible].

Accounts receivable. The accounts receivable balance is owing mainly for services to business clients, and is net of an allowance for doubtful accounts of less than 2% of sales. Clients are billed monthly after services are rendered, with payment being received about 45 to 60 days after an invoice is issued. As a result, the year-end accounts receivable balance reflects 63 days of sales, which is not far from the prior year period. As business grows, the need for additional working capital to finance trade receivables grows proportionately.

Accounts payable and accrued liabilities. This balance consists mainly of [illegible] trade payables owed in relation to IT services for clients, plus $[illegible] attributable to Peerless.

Deferred revenue. This account is all attributable to Peerless and represents payments made for software maintenance fees, which are amortized to income as the services are performed. See Note 2 of Notes to Consolidated Financial Statements.

Building mortgage and long-term liabilities. The Glenbriar-owned building was sold in July 2003, resulting in elimination of the building mortgage, which had a balance of $[illegible] at the end of fiscal 2002. The balance of long-term liabilities of $118,500 relates to legacy obligations of Peerless which are being repaid at $3,000 per month without interest.

4. Subsequent Events

In November 2003, Glenbriar entered into an agreement to lease new office space in [illegible], 401 – 9 Ave SW, Calgary AB, T2P 3C5. Glenbriar is scheduled to move into the new premises in late February 2004. The premises consist of 6,090 square feet of office in downtown Calgary, [illegible] to Glenbriar's [illegible]. Glenbriar's [illegible] October 2003 [illegible].

See the Management Discussion and Analysis with the quarterly report for the three months ended December 31, 2003, for [illegible] December 31, 2003.